

Financial State of the Port

This discussion and analysis of the Port of Hood River's financial performance provides an overview of the Port's financial activities for the fiscal year ended June 30, 2009.

The Port of Hood River categorizes all of its activities within three funds.

The **General Fund** accounts for all of the activities that are related to governmental activities, with revenues from property tax receipts and expenditures related to governmental activities. The property tax receipts are insufficient to pay all governmental related expenditures, so there is a transfer from the **Revenue Fund** for the difference.

The **Bridge Repair and Replacement Fund** is designated as a special revenue fund to segregate the revenues and expenditures related to Toll Bridge Capital Improvements. The sources of revenues for this account are grant monies, bond receipts, and dedicated revenue from the 1994 toll increase. This dedicated revenue is a transfer from the Revenue Fund. The expenditures for the fund are charges identified with Capital Improvement Projects that extend the useful life of the toll bridge.

Most of the Port's activities are business-type activities and are accounted for in the Revenue Fund. Major revenues are from bridge tolls and leases or rents from tenants. The revenues and expenditures are identified and allocated to asset centers.

Sources and Uses of Funds:

The Port of Hood River is involved in a variety of activities that contribute to the economic health and vitality of our community. Not all of the activities on Port property necessarily contribute to the economic health of the Port, but play a larger role in the community. The analysis in Table 1 below illustrates the sources of revenues for Port operations. The major source of funds for Port operations is toll bridge receipts at \$2,564,321. As a governmental entity, the Port receives property tax receipts, which account for only 1 percent of total revenues. These are operational revenues only and do not reflect capital grants. Any capital grants would be reflected as changes to net assets. This year the Port received one operating grant of \$6,050 from the State Marine Board and a federal appropriation of \$162,528 to study an alternative bridge crossing over the Hood River, connecting the waterfront and providing an alternative travel route from I-84 exits 63 and 64.

Bridge: The total traffic on the bridge was up about 4 percent; however revenue only increased about 1 percent as more patrons took advantage of the discounted BreezeBy system. The BreezeBy system now has 3,581 accounts with about 8,542

tags issued. The Port still offers discount tickets as well. Since the Port has depleted excess funds in the Bridge Fund with the automatic tolling system, there was no interest income in the Bridge Fund. In addition to the dedicated toll increase of 1994, there was a transfer from the Revenue Fund to the Bridge Fund this year to maintain a restricted fund balance of one year's debt service payment of \$710,000. As well as covering day-to-day operations, the Port must also provide for major maintenance and repair items, while the community searches for funding of a new bridge.

Leased Properties: The Port's leased properties were expanded in 2008 to include the Expo Center as a light industrial space. The increase in revenue is reflective of that space, and 100 percent occupancy of the Western Power Building and Wasco Business Park.

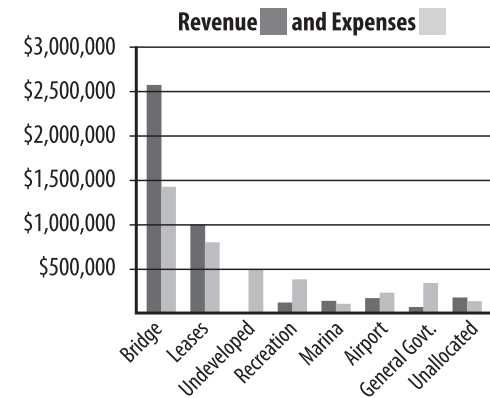
Undeveloped Property: This includes vacant land on the waterfront. There were a lot of professional services expenses for the area as the Port moved forward with a subdivision, a new industrial street, and a new light industrial building. These capital projects all began in 2009 but will be completed in 2010. The industrial street will be funded by a federal Economic Development Administration grant, an Oregon Department of Transportation Immediate Opportunity Fund grant, and participation by the Port and other property owners.

Recreation Property: There was little change in the overall use and expenses of waterfront recreation areas. The Port completed a new Riverfront trail that connects the Event Site and the Hook through the new waterfront park, funded by Oregon State Parks, Hood River Parks and Recreation, and the Port. The Port also worked with Columbia Gorge Windsurfing Association to complete ramp improvements at the Hook.

Marina: The slips in the marina are currently 100 percent occupied, with a waiting list. The Port is in the process of adding 22 slips, although the project is pending a permit from the Army Corps of Engineers.

Airport: Usage at the airport had little change from prior years. As part of a regular paving and maintenance program, Oregon Department of Aviation and Federal Aviation Administration funded a runway paving project this year. Work also began on an Automated Weather Observation System and Crack Sealing Project that was completed late 2009. The county adopted the updated Airport Master Plan so the Port will move forward with capital projects identified in that plan, the first of which will be the runway shift.

General Fund: The Port, to the extent possible, tries to identify and allocate expenses to the appropriate asset and investment. The income and expenses by property type are identified in the following chart.



As the Port strategically looks forward, there are several key areas that will require attention. Most notably will be development of the waterfront, the search for underutilized properties that can be enhanced and leased for the community, and not only bridge maintenance, but seeking funding for a replacement bridge. Another key area in strategic planning for the future is the long-term maintenance of the recreation assets. As mentioned previously, the recreation assets and operations are not able to cover their expenses through user fees, but play a large role in the tourism base of the community. The key will be to plan for a long-term stable funding source for those assets.

Total Net Assets:

At the end of 2009, the Port of Hood River total net assets had decreased by \$512,897 from the prior year, however the unrestricted assets—the portion that can be used to finance day-to-day operations without constraints—increased by \$283,848. The analysis in Table 2 shows the net assets comparison by fund. The decrease in net assets is reflective of the depreciation of the current assets and the expenditures in professional services for waterfront development. The increase in unrestricted assets is reflective of the bond principal reduction.

Total net assets and results of operations of the General Fund decreased \$15,815 from the prior year. Net assets of the Bridge Repair and Replacement Fund increased by \$584,951 as a result of the transfer of dedicated bridge toll receipts.

The only debt service and long-term debt for the Port are the bonds for the new bridge deck. This was the second year payment of the 15-year bonds. These bonds are repaid from bridge toll receipts dedicated to the Bridge Repair and Replacement Fund.

Table 1

Port of Hood River - Combined Sources and Uses of Funds Fiscal Years 2006 through 2009									
	2009		2008		2007		2006		
	%	Income	%	Income	%	Income	%	Income	
Interest	4%	165,751	8%	343,760	12%	506,135	10%	389,189	
Tolls	59%	2,564,321	58%	2,529,863	61%	2,504,336	64%	2,488,723	
Leases	23%	1,007,254	20%	890,311	16%	667,377	15%	587,143	
Airport	4%	152,830	3%	110,205	2%	102,006	2%	96,110	
Moorage	3%	130,853	3%	109,926	3%	112,387	3%	103,594	
Taxes	1%	47,956	1%	47,842	1%	45,570	1%	43,262	
Other Income	0%	20,634	1%	57,409	1%	25,371	1%	47,805	
Recreation	2%	102,039	3%	111,440	3%	139,798	3%	127,939	
Operating Grants	4%	168,578	4%	193,524	0%	5,950	0%	5,950	
Total Income		\$4,360,217		\$4,394,280		\$4,108,931		\$3,888,915	
Expenses									
Personnel	33%	1,112,037	35%	1,105,942	38%	1,004,254	39%	972,488	
Utilities	9%	293,823	8%	261,911	10%	266,251	9%	229,874	
Maintenance & Materials	16%	547,383	18%	559,998	11%	302,214	13%	312,262	
Professional Services	18%	615,103	14%	449,650	10%	278,739	6%	141,812	
Interest Expense	7%	248,709	8%	259,450	10%	261,400	11%	279,983	
Insurance	6%	214,384	6%	205,886	9%	238,197	8%	206,910	
General Fund	10%	331,413	11%	333,080	12%	325,837	13%	319,482	
Total Expenses		\$3,362,852		\$3,190,373		\$2,676,892		\$2,462,811	
Net Operating Income		\$ 997,365		\$1,203,906		\$1,432,038		\$1,426,103	

Table 2

	General Fund		Bridge Fund		Revenue Fund		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
Current and Other Assets	4,512	50,380	822,814	123,909	7,738,752	8,119,324	8,568,079	8,293,613
Capital Assets	940,936	955,883	9,448,675	10,053,683	18,283,040	18,645,982	26,872,851	29,855,548
Total Assets	945,448	1,006,263	10,271,489	10,177,592	26,021,792	26,765,306	37,238,730	37,949,161
Long-Term Debt	-	-	5,735,000	6,205,000	-	-	5,735,000	6,205,000
Other Liabilities	-	45,000	44,973	66,027	548,992	494,320	593,965	605,347
Total Liabilities	-	45,000	5,779,973	6,271,027	548,992	494,320	6,328,965	6,810,347
Net Assets:								
Invested in Capital Assets	940,936	955,883	3,713,675	3,848,683	18,283,040	18,645,982	22,937,851	23,450,548
Unrestricted	4,512	5,380	777,841	57,882	7,189,761	7,625,004	7,972,114	7,888,266
Total Net Assets	945,448	961,263	4,491,516	3,906,565	25,472,800	26,270,986	30,909,765	31,138,814



2009 ANNUAL REPORT OF HOOD RIVER

Message from Port Commission President Hoby Streich

I am both honored and pleased to be writing my first "President's Message." I would like to begin by saying thank you to past president Fred Duckwall for his service to the Port of Hood River, as well as the generosity and cooperation he has shown throughout this transition.

In reaffirming the confidence and credence of our Commission, we understand that trust is never a given. It must be earned. Our quest has never been one of shortcuts or settling for less. Rather, it has been made up of creative thinkers, risk-takers and doers.

This is the journey we continue today. Our time of standing still, protecting narrow interests and putting

off unpleasant decisions is behind us. As we move collaboratively forward with the City of Hood River and Hood River County, the Port will continue working diligently to ensure that all precious resources are being maintained and developed appropriately.

This is a wonderful time for supporting our colleagues in Wasco, Skamania and Klickitat counties, for championing each others achievements and sharing referrals, rather than competing for scarce resources. This is a time to be more creative and to take some professional risk, create new partnerships and expand our services.

This is also a time to re-energize and diversify our assets.

As a government agency, we will continue to actively explore our resources for state and federal grants for stimulus proposals to train "job ready" displaced and disadvantaged workers for healthcare, emerging green careers and infrastructure projects within the Columbia River Gorge.

As we consider the road that unfolds before us, we remember with gratitude the path upon which our past commissioners traveled. We are the keepers of this legacy.

Cheers,
Hoby Streich

Port Commissioners

The five Commission Board members of the Port of Hood River, called Commissioners, are elected to five designated positions by the voters of the Port of Hood River District. Each Commissioner serves a four-year term of office which begins July 1 of the year elected. During this holiday season, Port Commissioners share perspectives ranging from thanksgivings to hopes for the New Year.



Fred Duckwall Position #1

Port Commissioner since 2001

As a Port Commissioner, I am thankful this holiday season for a great Port staff that is vitally engaged in bringing the long-awaited Halyard Building to fruition as the first step in economic growth of the waterfront. I am thankful for a commission that works well together and shares the values of esthetics and livability as important adjuncts to economic development. Hood

River Valley is fortunate in this economic climate because we have a diversity of economic activity ranging from agriculture, tourism, high-tech manufacturing, and software production, positively buffering the local economy from the ravaging effects that have harshly inundated single sector areas. The times are not easy, but we have suffered much less than many. Construction of the Halyard Building will further spur economic activity on the waterfront, and we may, as a result, accomplish the demolition of the old United Telephone facility and rebuild a state-of-the-art complimentary, attractive building on that site.



Jon Davies Position #2

Port Commissioner since 2009

Thanksgiving is my favorite holiday because it reminds me to appreciate the good parts of daily life. I'm thankful for the high level of dedication and professionalism that our Port staff and executive director bring to their jobs. I also would like to thank my predecessor, Don Hosford, for his help and efforts. Hood River citizens enjoy a wide variety of Port assets which are integral to our community. I'm grateful for how these resources let us all enjoy this great place we call home.



Kathy Watson Position #3

Port Commissioner since 2004

Just a year ago at this time, many Americans looked at the year ahead with fear and uncertainty. I thought back on the recession in the late '70s and remembered that Oregon was the first state to slide into recession, and the last to emerge. I wasn't sure how Oregon and Hood River would fare this time around. A year later, we're still seeing home foreclosures and job losses. But the good news is, our economy is much more diversified today. While Oregon's unemployment rate remains high, our economy is rebounding. And Hood River County? Our unemployment rate is one of the lowest in the state, a testament to how many solid, growing businesses call this place home. I am thankful that the year ahead holds much promise, that we are proceeding with an exciting waterfront plan, and watching the first new waterfront building in 25 years take shape.



Sherry Bohn Position #4

Port Commissioner since 2001

At this time of the season it is especially appropriate to pause and give thanks to those who have worked with us and helped us throughout the year. With that in mind, I am thankful that the Port of Hood River has a commission, an executive director and dedicated staff committed to the ideas of synergy, building bridges, and open communication in order to move forward with our goals and objectives. I am especially thankful that we are finally moving forward with a plan for the waterfront that will help maintain and grow jobs for our community while embracing the desire for open space, recreational water access and an on-going quality of life.



Hoby Streich Position #5

Port Commissioner since 2002

My realistic hopes for the New Year are "changes." Nothing we do can change the past, but everything we do changes the future. With that being said, I'm hopeful that our global economy will continue to stabilize. Closer to home, I hope that changes continue to shape a strong economic climate throughout our Port District. In the near future we will end the U.S. occupation in Iraq and Afghanistan in order to bring home our brave men and women of the Armed forces. I'm also quite hopeful that I will have the ability to lower my golf handicap and that the New York Yankees repeat!

Port of Hood River Year in Review

Notes on a variety of Port activities and accomplishments over the past fiscal year, which began July 1, 2008

JULY 2008

- The Port Commission re-elected its current slate of officers for the 2008-2009 Fiscal Year: Fred Duckwall, President; Hoby Streich, Vice President; Kathy Watson, Secretary; Sherry Bohn, Treasurer.
- Port Executive Director Michael McElwee met with Jim Grady, Columbia Gorge Kiteboarding Association (CGKA) president, to discuss infrastructure needs at The Spit.
- The annual Fourth of July Fireworks display occurred at the Spit, requiring closure for over 24 hours.
- The Port Commission favored increasing membership on the Waterfront Recreation Committee to include official representation from Columbia Gorge Kiteboarding Association (CGKA) and Columbia Gorge Windsurfing Association (CGWA).
- The Port approved an Intergovernmental Agreement (IGA) with Oregon Department of Aviation for the 2008 Pavement Maintenance Program at the airport.

AUGUST 2008

- The Port Commission approved service contracts with Group Mackenzie for a waterfront commercial building concept design and Waterfront Business Park subdivision final plat.
- A funding agreement between the Port, Hood River Distillers and Hood River Juice Company for a new waterfront industrial street was approved, with each organization contributing \$84,000.
- A scope of work with Slca Consulting, civil engineers, for design of a new grass runway at the Ken Jernstedt Airfield was approved by the Port Commission.
- The Port authorized restoration of the Marina Park Picnic Shelter.

SEPTEMBER 2008

- The second annual WAAAM Fly-In took place at the Ken Jernstedt Airfield September 5-7.
- Approximately 30 people attended the Airport Master Plan community workshop on September 25.
- Prigel Machine and Metal Fabrication renewed its lease at John Weber Business Park.



- The Marina's waiting list for boats 30 feet and under was reduced from 130 names to 33 after the Port assessed a \$100 fee to remain on the list.

- Acuren Inspection, Inc., performed cleaning and painting of the gas pipeline on the Port's Interstate Bridge.

OCTOBER 2008

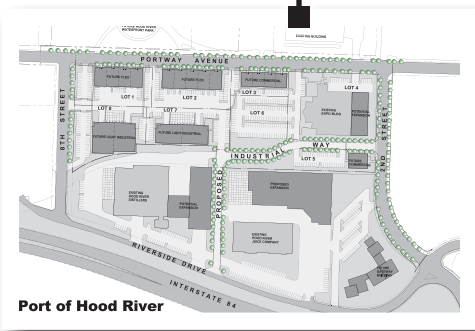
- Port Executive Director Michael McElwee and Port Commissioner Don Hosford attended the Pacific Northwest Waterways Association annual meeting.
- A new security gate was installed at the Marina moorage ramp.
- Tamara Thiel presented the landscape master plan to the Port Commission for two new Riverfront Trail segments that will link the Hook and Event Site to Waterfront Park.

- The Port authorized a contract with Group Mackenzie for Anchor Way engineering services.
- The Port's Waterfront Recreation Committee met to go over numerous topics involving the Marina, Event Site, the Spit, and the Hook.



NOVEMBER 2008

- The Port of Hood River held its biannual Strategic Planning Work Session, reviewing all areas of Port activities and interests, and prioritizing projects.
- Port Executive Director Michael McElwee presented the new waterfront development strategy to the Hood River City Planning Commission. The Port's overall approach received generally positive support.
- The Oregon Department of Transportation (ODOT) communicated interest to the Port in studying the merits of a Split Diamond option along with the Frontage Road option, as the jurisdictions work to address traffic issues on I-84 Hood River exits.
- DKS Associates was hired to perform an Orchard Road Traffic Study associated with the Airport Master Plan.



- Mike Doke, Port Marketing Manager, reported on Hood River County's progress with the Airport Master Plan to the Airport Advisory Committee. The committee also prioritized capital improvement projects.

DECEMBER 2008

- To promote readiness-to-proceed for Riverside Drive improvements in the event grant funding became available, the Port contracted with Slca Consulting and Stu Cato, P.E., for civil engineering services, and Terra Surveying for survey work.
- Port maintenance crew puts in long days during winter storms to ensure safe passage on the bridge approaches, airport runways, tenant parking lots and sidewalks.
- Linda Hull retires as Operations Manager of Port of Hood River after nine years of service. Laurie Borton was promoted to Operations Manager.



JANUARY 2009

- New Fixed-Base Operator (FBO) of Ken Jernstedt Airfield is Scott Gifford (left in photo), owner of Classic Wings Aero Services, Inc.
- The Port of Hood River entered into an agreement to offer landscape and maintenance work to Give Them WINGS, a non-profit that provides services to at-risk young men.
- The Port Commission authorized a contract with Century West Engineering for design and construction services associated with the North Apron Crack Sealing and Expansion project.



FEBRUARY 2009

- The Port authorized a construction contract in the amount of \$8,000 for improvements to launch sites at The Hook, in cooperation with CGWA.
- The Port Commission terminated its real estate contract for the purchase the Waucoma Building after the due diligence process uncovered concerns over value discrepancies, improvements needed, and financial questions.
- The Port received a Federal Aviation Administration (FAA) grant of \$273,693 for planned airport improvements. The Port will contribute 5% of project costs, or about \$13,685.

- Port Executive Director Michael McElwee and Finance Manager Linda Shames attended the Special Districts Association of Oregon annual conference where much of the discussion revolved around legislative issues.

MARCH 2009

- Port approved a new policy to allow kite pumping, drying and carrying of inflated kites at the Event Site May 1 through Sept. 30 with an evaluation in August. These activities have previously been allowed during the off-season.
- The Port amended its contract with WH Pacific/HNTB for the Frontage Road Feasibility Study to add analysis of a Split Diamond Concept as an alternative.
- The Port Commission authorized execution of the Waterfront Intergovernmental Financing Agreement with the City of Hood River and Hood River Urban Renewal Agency. The IGA was approved by the Urban Renewal Agency on January 29. The IGA sets terms for loan agreements for specific projects, primarily infrastructure in nature, and is expected to generate tax increment revenue that will lead to private investment on the Waterfront.



APRIL 2009

- Another bi-annual Port Strategic Planning Work Session was held. Port Executive Director Michael McElwee called the next fiscal year a transition from planning to implementation at Waterfront Business Park. In addition, the Port would focus on maintaining the Interstate Bridge's viability over the next twenty years, completing the airport's master plan, upgrading recreational sites, and exploring renewable energy opportunities.
- Linda Shames, Port Finance Manager, reported to the Port Commission that 33% of bridge commuters now use BreezeBy, the Port's electronic tolling system.
- The Waterfront Financing IGA, Subdivision IGA, and loan agreements for the sewer plant, Portway Avenue and Anchor Way are all fully executed.
- Hood River County Planning Commission held a public meeting regarding the new Airport Master Plan.



- Around 12 community members attended a Port public meeting on waterfront development. One outcome of the meeting was a modification to the building design.

- A new mobile home was located at the Ken Jernstedt Airfield to house the FBO.

- The Port's Budget Committee met to review the Fiscal Year 2009-10 Budget. A financial model with 10-year projection was evaluated, as were rising health insurance and utility costs. The budget committee approved the 2009-10 budget, as well as the property tax levy rate of .0332, which resulted in total tax receipts of \$51,950 for FY 2008-2009.

MAY 2009

- Mellissa Halseth begins position at Port as office specialist.
- Port Commission decides to include LEED (Leadership in Energy & Environmental Design) accreditation for the Halyard Building, with benefits of recognition, greater marketability, and energy efficiency.
- Port contracts with Richard Brown Architects to begin design of the Halyard Building.
- A Bonneville Pool draw down was requested so updated photos of Hood River Delta could be taken on May 9. Andrew Jansky of Flowing Solutions later compared the new photos with those taken January 20, 2007 and determined the net addition to the Delta is 29,000 cubic yards. The most striking features are the wave-formed berm on the west and the new location for the Hood River.
- A public hearing by Hood River County Commissioners on the Airport Master Plan showed the majority supported the plan, including the vacation of a segment of Orchard Road. County Commissioners unanimously approved adoption of the Airport Master Plan. Vacation of Orchard Road east of the airport will be sought in 2010.



- The Port entered into an Exclusive Listing Agreement with Current Commercial Real Estate, LLC, for properties at Waterfront Business Park. Current Commercial was selected among four proposals as a result of the Port's Real Estate Transaction Policy adopted in April. Current Commercial will commence active marketing of waterfront properties south of Portway Avenue for sale or lease in return for commission on closed deals.

- The Sandbar Café opened for seasonal business at the Cruise Ship Dock next to the Event Site.

- The Port Commission authorized an amendment to the Port/City Waterfront Park IGA, and acknowledged the six-acre property, donated by the Port, has been satisfactorily developed as a public park.

- PCR, Inc., was hired to perform upgrades at the Ken Jernstedt Airfield, including crack sealing on the northern tie-down ramp, raising the AWOS wind gauge, and relocation of the windcone to the northern side.

- The Port of Hood River authorized a contract with Alta Engineering for Intern Services to evaluate bicycle transportation across the Hood River Interstate Bridge, encouraged by the City of Hood River and Hood River Valley Residents Committee.

- Don Hosford retires from the Port Commission after 12 years of service.



JUNE 2009

- The new Riverfront Trail segments, designed by Thiel Landscape Architecture of Hood River and constructed by Crestline Construction of The Dalles, are completed.